



**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: Summit Research Corporation

File: B-225529

Date: March 26, 1987

DIGEST

1. Contracting agency may properly make an award to a lower-priced, lower-rated offeror although the solicitation provides that cost will be less important than technical factors in the selection, where the contracting officer reasonably determines that the technical advantage from the highest-rated proposal is less significant than the possible cost savings from a lower-rated proposal and the cost-technical tradeoff is otherwise consistent with the evaluation scheme in the solicitation.
2. Protest that an offeror cannot provide qualified personnel at its proposed cost and that the contracting agency failed to consider this in determining the most probable cost of the offeror's proposal is denied, where the proposed personnel are almost all current employees paid at levels included in the offeror's proposal and the record does not establish that required substitute additional personnel will materially increase the offeror's costs.

DECISION

Summit Research Corporation protests the award of a contract to GP Taurio, Inc. under request for proposals (RFP) No. N60921-86-R-0026, issued by the Naval Surface Weapons Center, Silver Spring, Maryland. Summit contends that the Navy improperly evaluated GP Taurio's proposal, and that the technical superiority of Summit's proposal outweighs GP Taurio's lower cost, so that the award to GP Taurio was unreasonable and inconsistent with the selection criteria listed in the RFP.

We deny the protest.

The solicitation, issued on October 15, 1985, sought proposals to provide technical, analytical and managerial support for fleet exercise planning, assessment and data collection, reconstruction of exercises, and analysis of performance and tactics. The work is to be performed under

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delivery orders issued for each exercise or analysis project, with the contractor proposing staffing and duration of on-site support to be approved by the Navy.

The RFP described four technical evaluation factors-- personnel, management plan, technical approach, and corporate experience--as well as a number of subfactors under each. The numerical weight of each technical factor and subfactor was listed. The RFP provided that "the most probable price" would not be numerically weighed and, while important, would receive less consideration in the award decision than the results of the technical evaluation. The RFP stated that if two or more offerors were found essentially equal technically, then total price might become the determinative factor. Offerors were required to propose hourly labor rates, including wages, indirect cost and profit, for 11 categories of personnel. Each offeror then determined its total proposed cost for the base year and two option years by multiplying labor rates time estimated hours for the labor categories, and adding the offeror's estimated costs for travel, material and preperformance training.

Six firms submitted proposals by the January 6, 1986 closing date. Three, including Summit and GP Taurio, were determined to be in the competitive range. After discussions and evaluation of best and final offers, the Navy ranked Summit's technical proposal first, with a score of 90.64, and GP Taurio's proposal second, with a score of 82.69. Summit's proposed cost was \$10,509,453 and GP Taurio's was \$7,526,191. The contracting officer concluded that the technical superiority of Summit's proposal did not outweigh the significant cost savings available from GP Taurio, and on November 17, the Navy awarded a contract to GP Taurio.

On December 1, Summit filed this protest. The protest was filed more than 10 calendar days after award, too late to require suspension of performance pending our decision under the Competition in Contracting Act of 1984 (CICA), 31 U.S.C. § 3553(d) (Supp. III 1985), and the Navy elected to continue performance of the contract. See Federal Acquisition Regulation (FAR), 48 C.F.R. § 33.104(c)(5) (1986).

RELATIVE EVALUATION OF PROPOSALS

Summit's primary basis of protest questions the reasonableness of the selection of GP Taurio's lower-cost proposal, since the solicitation provided that cost might become the determinative factor if two proposals are considered to be "essentially equal" technically.

Where, as here, the contracting agency makes a tradeoff between cost and technical considerations, the essential question is whether the determination to make award to a particular offeror is reasonable and consistent with the RFP's evaluation criteria. Mantech Services Corp., B-222462, Aug. 5, 1986, 86-2 CPD ¶ 149. The key element in the cost-technical tradeoff is the selection official's judgment regarding the significance of the differences in technical merit among the proposals. Peterson & Associates, B-223472, Sept. 18, 1986, 86-2 CPD ¶ 319.

We disagree with Summit's conclusion that under the evaluation scheme set forth in the RFP the Navy could not select GP Taurio's lower-cost proposal since the two highest-rated proposals were not essentially equal technically. The solicitation stated that award would be made on the basis of a comparison of most probable price and technical competence to determine the combination most advantageous to the government. In this context, the statement relied upon by Summit--that cost could be the determinative factor with technically equal proposals--does not mean that cost would otherwise play no role in the selection decision. Rather, read as a whole, the RFP clearly requires that where competing proposals are technically unequal, cost is not determinative but must be weighed against the technical rating in order to determine the most advantageous proposal.

Virtually all of the eight point difference between Summit's and GP Taurio's technical scores is attributable to differences in the qualifications of some proposed GP Taurio personnel. Three of GP Taurio's proposed senior operations analysts and two operations analysts did not meet minimum qualification requirements in the RFP; the firm lacked a written employment agreement with one proposed senior data analyst and will require more data analysts than proposed; and the Navy found that GP Taurio had not established that all of its personnel had required security clearances.

The Navy consistently characterized these weaknesses as minor and insignificant. In evaluating GP Taurio's initial proposal, the technical evaluation board found that the firm fell "a little short" on qualified personnel and that, based on qualifications and experience of other proposed personnel, weaknesses could be remedied by training. GP Taurio remedied some of these weaknesses in its best and final offer, and the technical evaluation board found that remaining personnel weaknesses were "readily correctable without causing undue delay through some additional recruiting and training." The contracting officer similarly found that GP Taurio could

improve its personnel by training and replacing a few individuals for two labor categories. He concluded that the specific individuals proposed by GP Taurio could satisfy the Navy's requirement for the base year of the contract, that the personnel weaknesses were minor and easily correctable after award, and that any delay in performance this might entail would be insignificant. As a result, the contracting officer determined that the savings of almost 30 percent, about \$3 million, represented by GP Taurio's offer outweighed the technical differences between the two offerors.

Summit argues that GP Taurio's proposal was not acceptable because it did not demonstrate "full compliance with the RFP" before award. The protester also argues that training cannot make up for the shortcomings of GP Taurio's personnel and that the Navy cannot require such training under the terms of its contract with GP Taurio. We find these arguments without merit. The RFP did not require offerors to propose all staff that might be necessary under the contract, although failure to do so would risk a lower evaluation score--which GP Taurio actually received. While training could not substitute for the necessary experience and education lacking in a few individuals proposed by GP Taurio, substitute personnel could do so. Summit has provided no evidence giving us a basis to question the Navy's view that recruiting and training such personnel would be a minor matter.

Paragraph C.6 of the RFP explicitly states that the contractor is responsible for training personnel and maintaining their proficiency, and the contractor must certify in writing that each staff number has been adequately trained and is competent to perform the tasks to which assigned. Another provision, paragraph C.10, states that due to the specialized nature and complexity of the Navy's data systems, it is estimated that the contractor will need about 2 months to train its personnel for them to become fully capable of satisfactorily performing the contract tasks. GP Taurio proposed to provide all initial and subsequent training at its own expense. Thus, while the necessity for training some individuals might represent a weakness in GP Taurio's proposal, the successful offeror is obligated to provide adequate training after contract award.

Summit also questions the acceptability of GP Taurio's proposal and the Navy's cost-technical tradeoff because GP Taurio's personnel are not familiar with certain assessment methodologies to be used in contract performance. In evaluating initial proposals under the technical approach factor, the technical evaluation board gave GP Taurio the highest score, although it noted that the firm had not demonstrated

familiarity with assessment methodologies and that this would require extensive technical training to remedy. The evaluation board found some evidence of familiarity with assessment methodologies in GP Taurio's best and final offer, but not with the specific methodologies listed in the RFP. The board increased the firm's score for the technical approach factor slightly, with the note that additional training would be necessary.

The RFP stated that throughout the evaluation the Navy would consider "correction potential" when it identified a deficiency. It did so in the case of GP Taurio's lack of familiarity with certain assessment methodologies, i.e., the Navy considered the potential for training to provide the necessary knowledge, although the agency gave the firm a lower score because of the weakness. Since even with this weakness, GP Taurio received almost the same score as Summit (22.53 versus 22.80) for technical approach, we have no basis to conclude that the contracting officer should have rejected GP Taurio's proposal as Summit contends.

In sum, we do not find that the contracting officer's judgment about the significance of the differences in technical merit between the Summit and GP Taurio proposals was unreasonable, or that his cost-technical tradeoff was inconsistent with the evaluation scheme set forth in the solicitation.

CORPORATE EXPERIENCE

Summit contends that the technical evaluation board failed to evaluate GP Taurio's proposal properly under the corporate experience factor. According to Summit, the board failed to solicit information about GP Taurio's performance on other contracts, particularly a current contract for services similar to those being procured here, and should have rated the firm much lower relative to Summit.

The RFP provided that corporate experience would be evaluated in terms of assessing the offeror's ability to provide continuous support, successful completion of tasks and deliverables, and product quality. Offerors would also be assessed on past ability to produce well-documented, analytically sound, innovative and timely products. Two subfactors were listed: 1) experience in fleet exercise support and fleet operations analysis projects in relevant subject areas, and 2) number and technical depth of personnel available to the contractor. The RFP also stated that the evaluation would be based upon "information furnished by the offeror plus information obtained from the Government and other sources."

The Navy states that with respect to the two types of experience listed in the first subfactor, CP Taurio has much less experience than Summit in fleet exercise support, but it has a great deal of experience in fleet operations analysis. The agency solicited accounts of GP Taurio's experience from the Defense Contract Management Agency and a number of Navy officials, including those on the technical evaluation board. The Navy did not specifically question contracting officials regarding GP Taurio's current contract to provide fleet exercise support to the Commander, Naval Surface Force, Pacific Fleet. Summit alleges that GP Taurio's early performance on that contract was unsatisfactory. As a result of the protest, the Navy investigated Summit's allegations and states that a problem did arise within the Navy concerning what tasks should be requested and by which organization, but that the problem did not concern the quality of the contractor's performance. The agency represents that it has been pleased with GP Taurio's performance under the contract.

We disagree with Summit's contention that the Navy could not give GP Taurio high marks because its experience was primarily in one aspect of the services described in the solicitation. The RFP required the Navy to evaluate offerors' past experiences in order to determine how well they performed certain functions, such as producing innovative and timely products. The agency could reasonably determine that GP Taurio performed those functions as well or better than Summit, even though Summit's experience consisted of extensive services similar to those being procured, while GP Taurio's experience was more narrow, particularly in fleet exercise support. Also, we do not believe that the technical evaluation board acted unreasonably or contrary to the evaluation scheme because it did not consult contracting officials about GP Taurio's support contract for the Pacific Fleet. As Summit suggests, the members of the technical evaluation board were aware of GP Taurio's performance of other contracts and may have believed that a detailed inquiry into performance of the Pacific Fleet support contract was unnecessary. Irrespective of the reasons for the omission, we cannot say that the failure to investigate performance on the contract renders the Navy's evaluation of GP Taurio's corporate experience unreasonable, or that the firm's score for the corporate experience factor would have changed had the Navy conducted the investigation before award.

COST REALISM

Summit contends that the Navy did not properly determine the most probable cost of GP Taurio's proposal. Based on GP Taurio's total cost, the protester believes that the firm

cannot employ individuals with the qualifications listed in the RFP, so that GP Taurio must have proposed "phantom personnel" or actual individuals that it does not plan to use, and will seek to substitute less-qualified, lower-paid personnel after contract award.

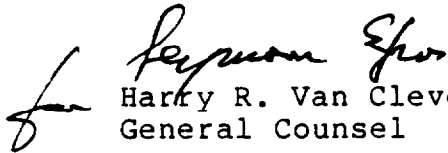
All but one of the individuals proposed by GP Taurio are currently employed by the firm or its proposed subcontractors. These individuals are paid somewhat less than Summit's personnel on the average. Defense Contract Audit Agency reports concerning the two firms' cost proposals indicate that much of the difference in labor rates stems from Summit's higher indirect costs, rather than unreasonably low rates paid by GP Taurio. GP Taurio must employ a few additional and substitute individuals during performance, but there is no evidence in the record to establish that the rates likely to be paid will be materially higher than proposed by GP Taurio.

Finally, Summit argues that a recent decision of the General Services Administration Board of Contract Appeals (GSBCA), DALFI, Inc., GSBCA No. 8755-P, Dec. 30, 1986 (slip opinion), supports the protester's position. In that case, the contracting agency awarded a contract to the offeror with a lower technical score (80.99 points versus 91.44 points) and a lower cost proposal (approximately \$17 million versus \$21 million). The RFP provided that cost would be less important than the technical evaluation. The GSBCA found that the agency had not adequately justified the cost technical tradeoff for two reasons. First, the agency minimized the technical distinction "using at best generic or summary reasons." Apparently, there was no effort to assess the significance of the difference in technical proposals in light of the possible cost savings from the lower-rated proposal. The agency simply considered the proposals to be roughly equal. Second, the GSBCA found that the agency failed to conduct a proper cost realism analysis by considering the impact on the government's overall cost that would result from the various levels of expertise represented by the proposals.

The facts presented in DALFI, Inc. are quite different from those in Summit's protest. Here, the Navy did not dismiss the technical differences between Summit and GP Taurio, but, as discussed above, documented a reasonable basis for concluding that the differences did not outweigh the cost savings offered by GP Taurio. Also, the technical differences between the two offerors did not result from a difference in expertise that the Navy believes will have an impact on the costs of contract performance. Instead, the Navy concluded that the weaknesses in GP Taurio's proposal

will be eliminated after preperformance training and the addition of a few staff members, and the agency did consider the cost of necessary training its cost-technical tradeoff. Consequently, we do not find that the GSBCA decision supportive of Summit's protest.

The protest is denied.


Harry R. Van Cleve
General Counsel